WEEKLY ECONOMIC REVIEW

February 1, 2008

Average weekly earning in Alberta increased by 4.7% over the first 11 months of 2007 compared to the same period in 2006. Despite leveling off in November, year-over-year growth was strong at 5.6%, well above the national rate of 4%.

Suncor and the Alberta Government reached an agreement on royalties this week. Suncor also announced a $20.6 billion capital plan for its oil sands projects.

In November, Canadian real GDP grew 0.1% from October. Service industries showed continued strength while declines in energy and manufacturing limited growth.

As a result of higher input costs and the strong Canadian dollar, sentiment among Canadian manufacturers has been decidedly negative as of late. According to January's Business Conditions Survey, a majority of manufacturers are anticipating lower production and employment levels in the first quarter of 2008.

On a positive note for Canadian producers, prices for manufactured goods rose for the second straight month in December. The Industrial Product Price Index gained 1.1% from November, led by motor vehicles and petroleum products. Also, the Raw Materials Price Index stabilized, gaining only 0.2%, much lower than the 3.4% gain in November.

After slashing its key interest rates by 75 basis points last week, the U.S. Federal Reserve trimmed rates by another half percentage point to 3% this Wednesday. Continued financial market turmoil and further credit tightening were cited as motivation for the move.

The sales of new homes in the U.S. fell to their lowest level since 1995 in December. An estimated 774,000 homes were sold in 2007, representing a 26.4% decrease from 2006.

U.S. data confirmed that U.S. GDP is slowing and the labour market is weakening. Annualized GDP growth was pegged at 0.6% in the fourth quarter of 2007, lower than most economists expected. Also, the U.S. economy lost 17,000 jobs in January, the first decline in four years.

Cdn Dollar (US¢/CS)	
February 1, 2008	100.6
January 25, 2008	99.6
2007-08 YTD	96.57
WTI Oil US$/bbl	
January 31, 2008	$ 91.75
January 24, 2008	$ 89.41
2007-08 YTD	$ 78.55
Nymex Natural Gas CS/MMBtu *	
February Contract	
February 1, 2008	$ 7.93
January 25, 2008	$ 7.94

*Estimate based on Nymex Futures Market Price

Economic Indicators Released this Week	Reference Period	Month/Previous Month (M/M)	Month/Previous Year's Month(Y/Y)	Year-to-date[1]
Average Weekly Earnings ($)[2]	**November**			
Alberta	854.28	-0.1%	5.6%	4.7%
Canada	784.83	1.0%	4.0%	3.2%
Industrial Product Price Index	**December**			
Canada	114.2	1.1%	-0.9%	1.6%
Gross Domestic Product (billions, 2002$)	**November**			
Canada	1,232	0.1%	2.7%	–

Source: Statistics Canada, [1]Year-to-date 2007 compared to the same period in 2006. [2] Seasonally adjusted